

# Understanding Culture Society and Politics

## Quarter 2 – Module 1: State and Non-State Institutions



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## Lesson

# 1

## State and Non-state Institution



### *What's In*

Any state in the world formulates its own government agency to achieve the needs of its people. However, in most democratic society, the state government allows business individuals, corporations, and non-profit organizations to deliver goods and services for the citizens (De Leon 2008).

A country can be associated with how a family functions; there are authoritarian parents who determine the future of their children. Meanwhile, there are lenient parents who allow their children to grow with minimum restrictions. In general, parents must do necessary actions to feed the family, provide proper clothing, send children to school, give a decent shelter, give medicine in times of sickness, and save some budget or resources in case of emergency. Yet, no matter how parents work to make both ends meet, there are always some issues left undone (“The Philippines”).

On the contrary, family remains as a family no matter how imperfect they are. They must help one another as a unit or an entity to avoid problems as much as possible. They must utilize all resources to make possibilities to happen. Meanwhile, children play a vital role in the family by being responsible and sensitive individuals who do their own share, like turning off the lights or other appliances when not in use, do some households chores, or apply for scholarship, for an instance, to ease the burden of tuition fees, and the likes (Halili-Jao 2018).

The government is at its best in providing the necessity of its people by allocating all its resources to meet the demands of its citizenry. However, like an ordinary family, no matter how the government work to make both ends meet, there is always some issues that needs to be worked upon (Panopio 1995).

On the other hand, non-state institutions are created to back up the government in filling in the gap between the state and its people. In order to achieve their mission, non-state institutions produce results that uplift the condition of the people in general. Banks, corporations, trade unions, cooperatives, development agencies, civil organizations and transnational advocacy group are created to lift the condition of all sectors of the society (Baleña 2016).



## ***What is It***

### **(Background) Institutions**

There are different models of social institutions used in different countries nowadays, most of which are inspired by the long history of their country while others are influenced by other nations. There are two major types of state or social institutions: the communist, based on command economy; and the democracy, based on capitalist economy (Panopio 1995).

Most communist countries, like the former Union of Soviet Socialist Republic (USSR), and North Korea, are governed by their respective governments alone. They do not allow private companies or individuals to do business in their land; thus, the people have no opportunity to choose because the government decide what is best for their own citizens (Panopio 1995).

However, democracy is a kind of government based on capitalism where the government provides the major industries but allows private entities or individuals to produce goods and services for the people; thus, citizens are given much freedom to choose for themselves (Panopio 1995).

### **Political Institutions, State Institutions**

Certain organizations help keep these basic institutions in place. Politically, the Armed Forces of the Philippines (AFP) helps the government maintain peace and order throughout its territory. The Local Government Units (LGU) is created to cater the needs of the local barangays or communities. The Department of Education (DepEd) ensures the quality of education based on the needs and norms the society. The different branches of the government create, implement, and interpret the laws we use as guide for our conduct. These organized, political bodies are called *state institutions*. Government-controlled state institutions fulfil the wishes of the Philippine State: *public service* and *public control*. For example, the government may declare martial law in a troubled area, and the AFP makes sure that this is strictly followed, whether the people like it or not (De Leon 2008).

## Non-State Institutions

Ideally, in a democratic country, major industries must be under the control of the state, like banks, petroleum, transportation, and communication because they are vital in the economy of the country. However, in the recent years, the said industries are being sold to private entities to carry away the burden from its operation and maintenance. Today, private corporations headed by executives controls the major industries in the country with very minimum government supervision, most of these are petroleum (Shell, Caltex and Petron), telecommunication (Smart, Globe and PLDT), transportation (Cebu Pacific and Philippine Air Lines), etc. These entities significantly affect the lives of the people either directly or indirectly (Baleña 2016).

Meanwhile, corporations based on profit (ABS-CBN, GMA 7 and PTV 5) manage most television networks in the country. They are duty bound to serve the public by giving current news and information but more so entertainment to attract viewers. The more viewers a station has, the more product advertisements coming in, and thus the profit comes along. This is why television networks in the country are becoming antagonistic as shown in their publicity ratings.

Moreover, if you wish to have a car but do not have the enough money to buy, one can find a bank that offers car loan arrangements. If one wishes to own a business but hesitant to fail, he or she may consider the stock market and be a shareholder in a corporation. If a worker wants a better compensation, he or she may join and be part of a trade union. These are just some examples of **non-state institutions**: non-governmental organizations operating to satisfy many of our short-term and long-term, small-scale, and large-scale, and tangible and intangible demands (De Leon 2008).

Non-state institutions include the following: banks, corporations, trade unions, cooperatives, development agencies, civil organizations, and transnational advocacy groups.

1. **Banks** help us keep our money, avail different kinds of loan, and exchange currencies. The accumulated money of the bank is invested to some projects to gain profit; this is how banks pay their workers and depositors' interest depending on the agreed terms.

Moreover, banks help the country by providing financial assistance to those entrepreneurs who wanted to create or expand their business. By doing so, they also provide job opportunities among local citizens.

Although there are state and non-state banks in the country, both types serve their respective purposes. Yet, most depositors choose state banks because the government itself backs it up, thus the possibility of bankruptcy is very small. On the other hand, corporations or group of individuals manages non-state banks. Although ensured by the government through the *Bangko Sentral ng Pilipinas*, it is but only to a minimum extent. Like in the case of certain banks, when a bank declares bankruptcy, each depositor could only receive only a portion of their deposit (Contreras et al. 2016). Examples of banks include the Bank of the Philippine Islands, Metrobank, and Rizal Commercial Banking Corporation (RCBC).

2. A **corporation** is owned by a group of people but has a separate legal identity (the owners of a corporation are not responsible for its own debts). Corporations offer stocks (determines level of ownership), as well as bonds (allows one to earn interest). These generate large amounts of capital, which is needed for growth (Contreras et al. 2016). Some well-known corporations are San Miguel Corporation, Accenture, and Shell.

Since a corporation is associated with various industries, it needs a huge work force to run and operate. This provides job opportunities to number of workers in the country and thus lessen the problem of poverty.

3. **Trade unions.** There are some entrepreneurs who are only after for profit, and they tend to maximize working hours and minimize wages as much as possible. This is where the trade union steps in. They look after the well-being of the workers. Collectively, they raise issues such as low salary, lack of compensation, etc. to the management that sometimes ends up with work “stoppage” or *strike* until the demands of both sides are met. (Contreras et al. 2016).

Trade unions are created to protect the labor force of the country. Workers are essential to the creation of goods and services for the citizenry. In the Philippines, the Trade Union Congress of the Philippines has the largest membership.

4. **Cooperatives** are made up of people with common interest who agreed to work together for easy, safe, and affordable access to commodities, loans, and other services. They are created to help and empower one another with a minimum help from the government (Contreras et al. 2016). Farmers’ cooperatives and teachers’ cooperatives are common examples.
5. **Development agencies** promote progress by engaging in projects, policymaking, and dialogue (Contreras et al. 2016). Some countries with active agencies in the Philippines are Japan (JICA), Canada (CIDA), and U.S.A. (USAID). Those providing financial assistance include the Asian Development Bank (ADB).

Development agencies work as a bank that provides financial assistance to important projects. The creation of bridge that connects one province to another, or road construction that helps ordinary farmers transport their products may be put into reality through the help of these agencies.

6. **Civil organizations** include academic institutions, research teams, mass media, religious organizations, and people's organizations. They provide facts about the life's various realities to influence policy-making (Contreras et al. 2016).

These organizations are created to expose the conditions of the marginalized sector of the society by using mass media as its platform as they raise critical issues to the government.

7. **Transnational advocacy groups** influence the government to take action on matters commonly neglected. A group may be a national or an international organization that promotes and advocates progress and development related to particular issues of the society. (Contreras, et al., 2016). Greenpeace and Human Rights Watch are some examples.